

"That would be a travesty to do to the consumer in the United States," he said. "You do that and the cost of living is going to go up."

For Wal-Mart and other multinational companies doing business in China, a stable currency, political peace and a compliant workforce are nearly as important as low costs.

"There might be places in other parts of the world where you can buy cheaper, but can you get [the product] on the ship?" Tsuei said. "If we have to look at a country that's not politically stable, you might not get your order on time. If you deal in a country where the currency fluctuates, everyday there is a lot of risk. China happens to have the right mix."

Labor activists in China and abroad say that mix includes the ruling party's ban on independent trade unions—workers may join only the party-run union—as well as courts and regulatory agencies controlled by local party officials who are often willing to overlook labor violations to appease businesses that can be milked for taxes, fees and bribes.

The activists argue that as Wal-Mart pits suppliers against one another and squeezes them for the lowest price, the workers suffer.

"Wal-Mart pressures the factory to cut its price, and the factory responds with longer hours or lower pay," said a Chinese labor official, who declined to be named for fear of punishment. "And the workers have no options."

In the city of Dongguan in southern Guangdong province, where Wal-Mart suppliers are concentrated, a 27-year-old worker who gave her name as Miss Qin complained that she can rarely afford meat with her \$75-per-month wages at Kaida Toy Co. "Every day we eat vegetables, mostly we eat vegetables," she said, leaning over a plate of fried carrots in a dingy restaurant.

Qin helps make plastic toy trains for Wal-Mart, but says she cannot afford to buy toys for her 9-year-old son. "In four years, they haven't increased the salary," she said.

Kong Xianghong, the No. 2 official for the party-run union in Guangdong province, acknowledged that low wages, long hours and poor conditions are common in factories that supply Wal-Mart and other U.S.-based corporations. "It's better than nothing," he said. "Labor protections, working conditions and wages are related to a country's level of economic development. Of course, we want better labor protections, but we can't afford it. We need the jobs. We need to guarantee people can eat."

Still, Kong said, the party-controlled union has been frustrated that Wal-Mart has refused for three years to allow it to set up branches in the 31 Wal-Mart stores in China—even though he has assured the company that the union wouldn't help workers struggle for better pay. Wal-Mart has also fought efforts to unionize its U.S. stores.

Wal-Mart's China headquarters is a monument to its frugality—a low building covered in white tile. The linoleum conference table is pockmarked with gaps where the plywood shows through. Tea is served in plastic cups. In Hatfield's office, where he presides over Wal-Mart's Asia operations, the rusty window frame is open, the sound of car horns washing in from the street.

Wal-Mart portrays itself as a force for good in China. The company says it enforces labor standards for its suppliers and insists that they comply with Chinese law.

"We look at safety. We look at health, and this comes with a cost. We ensure people get paid above minimum wage. They have to have fire extinguishers, fire exits," Tsuei said. "There are people out there who cannot have those things and offer a lower price. We do not do business with those people."

Wal-Mart employs 100 auditors who annually inspect every supplier's factory. Last year, the company suspended deals with about 400 suppliers, primarily for exceeding limits on overtime, Tsuei said. Another 72 factories were blacklisted permanently last year, he said, almost all for employing children under China's legal working age of 16.

But Wal-Mart does not conduct regular inspections of smaller factories that sell goods to the company through middlemen. Nor does it inspect all its suppliers' subcontractors or the Chinese manufacturing operations of U.S. suppliers such as Mattel Inc. and Dell Inc.

"The inspection system is not effective," said Li Qiang, a labor organizer who has been in contact with workers at more than a dozen factories that supply Wal-Mart, and who worked in one himself before leaving China three years ago. "The factories are usually notified in advance, and they often prepare by cleaning up, creating fake time sheets and briefing workers on what to say."

Li said these factories often require employees to work as many as 80 hours per week during the busy season for \$75 to \$110 per month, violating Chinese labor laws. If Wal-Mart really wanted to monitor conditions among its suppliers, Li said, it could do so with surprise visits, longer inspections and independent auditors. "But if they did that, prices would definitely go up," he said.

Wal-Mart is such a big player in China that it does not have to go looking for suppliers; the suppliers come to them, jamming a reception area at the procurement center.

Yu Xiaoma of Guangzhou Kangaroo Leathers Co., which makes handbags and wallets for Wal-Mart and other multinationals, said: "You can't make much money from Wal-Mart. They demand the lowest, lowest price."

Amy Gu, vice manager for exports for Goodbaby Corp., which makes baby strollers near Shanghai, said the company sometimes takes orders to supply Wal-Mart at or below cost through a partnership with a Canadian distributor, Dorel Industries Inc. "Dorel will tell us, 'Well, Wal-Mart has given us this price, we need a factory cost of this much,'" Gu said. "And we have to find a way to deliver it."

Wal-Mart says such arrangements benefit both sides. Hatfield said the company has made distribution more efficient and fair by cutting out middlemen and resisting corruption. In a country where transportation remains unreliable, Wal-Mart's distribution network has given manufacturers access to customers around the country and the world.

He touted the case of a Guangdong factory that began supplying Wal-Mart stores in Shenzhen with a drink made of milk and egg yolk, delivering 25,000 units the first month. It proved popular. By September, Wal-Mart was shipping 1 million units a month across southern China.

"They can just drop it at our distribution center and we take care of the rest," Hatfield said. "Now it's a national brand."

Yet those who run the factory that produces the drink, Weijiasi Food & Beverage Co., say they haven't yet shared in the success.

"In the beginning, we made money," said a manager reached by telephone, who gave his name as Mr. Li.

"But when Wal-Mart started to launch nationwide distribution, they pressured us for a special price at below our cost. Now, we're losing money on every box, while Wal-Mart is making more money."

PAYING TRIBUTE TO GEORGE MERRIWETHER

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 10, 2004

Mr. McINNIS. Mr. Speaker, it is with great pride that I rise today to pay tribute to a devoted entrepreneur from Monte Vista, Colorado. George Merriwether sets an example for people to work hard no matter their age. His enthusiasm for life is an inspiration to the community and I would like to join my colleagues here today in recognizing George's tremendous service to the Monte Vista community.

At ninety years old, George Merriwether is still putting in countless hours five to six times a week at his own irrigation business. George started the business at age sixty when, after working twenty-six years in Los Angeles, he decided to return to Colorado. George's irrigation business is oriented towards service, with two pump crews installing pumps and one man in charge of their rebuilding.

Mr. Speaker, George Merriwether is a dedicated individual who enriches the lives of Monte Vista citizens by providing a great irrigation service to the community. George has demonstrated a passion for work that is rare for a man of any age. One can only imagine what our nation could do if we all had as much energy and compassion as he does. George's enthusiasm and commitment certainly deserve the recognition of this body of Congress.

HONORING CONGREGATION SINAI AS THEY CELEBRATE THEIR 75TH ANNIVERSARY

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 10, 2004

Ms. DeLAURO. Mr. Speaker it is with great pleasure that I rise today to extend my sincere congratulations to Congregation Sinai of West Haven, Connecticut as they celebrate their seventy-fifth anniversary. Today's celebration marks a tremendous milestone in the Congregation's history and I am proud to join them in commemorating this special occasion.

Houses of worship play a vital role in our communities—providing a haven for those in search of comfort as well as a place to build and strengthen the bonds of fellowship. In addition to catering to the cultural and spiritual needs of West Haven's Jewish community, the contributions made by both the organization and its members are innumerable. Throughout its seventy-five year history, Congregation Sinai has been an active member of the West Haven community—touching the lives of many.

Founded in 1929 by ten families as the West Haven Jewish Community Center, Congregation Sinai has grown to become a leading synagogue in the Greater New Haven area—providing spiritual leadership and working diligently for the betterment of their community. From annual blood drives and spiritual programs to sponsoring local political debates and charity fundraising events, the members